

Message Text

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ORIGIN EB-08

INFO OCT-01 ARA-10 IO-13 ISO-00 STR-05 COME-00 LAB-04

AGRE-00 CEA-01 CIAE-00 DODE-00 FRB-03 H-01 INR-07

INT-05 L-03 NSAE-00 PA-01 AID-05 SS-15 ITC-01

TRSE-00 PRS-01 SP-02 OMB-01 FEA-01 NSCE-00 USIE-00

SSO-00 INRE-00 /088 R

DRAFTED BY EB/OT:SAHMAD:LPP

APPROVED BY EB/OT:SAHMAD

STR:PMURPHY

COMMERCE:RSHEPHERD(INFO)

LABOR:HBLACKMAN(INFO)

-----063900 212053Z /72

O R 212026Z SEP 77

FM SECSTATE WASHDC

TO USMISSION GENEVA IMMEDIATE

INFO AMEMBASSY BRASILIA

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USMISSION ALSO ROUTINE FOR USMTN

E.O. 11652:N/A

TAGS: ETRD

SUBJECT: BRAZILIAN POSITION ON MFA RENEWAL

GENEVA PASS USDEL TO CG-18 MEETING

1. DURING SECOND DAY OF MEETING OF US-BRAZIL TRADE SUB-GROUP IN WASHINGTON SEPTEMBER 20, BRAZILIAN DELEGATION MADE STRONG STATEMENT CRITICAL OF US POSITION TAKEN IN JULY MEETING OF TEXTILES COMMITTEE AND OF US REQUEST FOR OPENING OF A PROTOCOL DECEMBER 15 FOR SIGNATURE BY INTERESTED

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DELEGATIONS. DEMARCHE WAS MADE IN AMICABLE SPIRIT OF THE OVERALL CONSULTATIONS BUT WAS QUITE FRANK IN CALLING US POSITION UNJUSTIFIABLE ON BOTH SUBSTANTIVE AND LEGAL GROUNDS.

2. AS TO SUBSTANCE, BRAZILIAN DELEGATION STATED IT BELIEVED LANGUAGE SUPPORTED BY THE US AND EC CONSTITUTED A

"FUNDAMENTAL DEPARTURE" FROM THE MFA AND THAT BRAZIL WAS "ASTONISHED" THAT THE US, WHOSE POSITION WAS BELIEVED TO BE THE SAME AS BRAZIL I.E. EXTENSION OF THE MFA UNCHANGED, HAD INSTEAD SIDED SO CLOSELY WITH THE "FORCES OF PROTECTIONISM" IN THE EC. BRAZILIAN DEL STRESSED CONCERN WITH EC POSITION TAKEN SUBSEQUENTLY IN PRENEGOTIATING SESSIONS WITH BRAZIL; HE FEARED THAT EC WOULD USE LANGUAGE

OF DOCUMENT W.44 TO JUSTIFY A POSITION WHICH WOULD FREEZE TEXTILE IMPORTS FROM BRAZIL FOR SEVERAL YEARS.

3. WITH REGARD TO THE LEGAL ASPECTS, BRAZILIAN DEL EXPRESSED VIEW THAT INASMUCH AS THE CHAIRMAN OF THE TEXTILE COMMITTEE STATED IN HIS SUMMING UP THAT THERE WAS NO CONSENSUS ON RENEWAL, HE HAS NO AUTHORITY FOR OPENING A PROTOCOL BASED ON THE VIEWS OF ONLY SOME MEMBERS.

4. BRAZIL BELIEVED THAT THE MFA COULD ONLY BE EXTENDED BY ANOTHER MEETING OF THE TEXTILES COMMITTEE WHICH REACHED AGREEMENT ON THE BASIS FOR RENEWAL; BRAZIL DEL WAS EXTREMELY CONCERNED ABOUT BEING FACED WITH A DE FACTO SITUATION OF HAVING TO SIGN OR NOT SIGN THE US PROPOSED PROTOCOL.

5. US DEL RESPONDED THAT WE CONTINUE TO SHARE BRAZILIAN VIEW RE THE UTMOST IMPORTANCE OF RENEWAL OF MFA UNCHANGED, LIMITED OFFICIAL USE

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BOTH WITH RESPECT TO AVOIDING DISRUPTIONS IN INTERNATIONAL TRADE IN TEXTILES AND BECAUSE OF THE UNDOUBTEDLY ADVERSE EFFECT FAILURE TO RENEW MFA WOULD HAVE ON MTN. WE BELIEVE THAT THE LANGUAGE WE SUPPORTED WITH THE EC IN JULY IS A REAFFIRMATION OF THE FLEXIBILITY INHERENT IN THE MFA AND WE WOULD OPPOSE ANY ATTEMPT TO USE THE LANGUAGE TO JUSTIFY DEROGATION FROM THE OVERALL STANDARDS OF THE MFA SUCH AS A SUGGESTED FREEZING OF IMPORT LEVELS FOR A NUMBER OF YEARS.

6. WITH RESPECT TO POSSIBLE RESUMED MEETING OF TEXTILE COMMITTEE WE STATED WE DID NOT CATEGORICALLY RULE IT OUT BUT COULD NOT SEE AT THIS TIME HOW SUCH A MEETING COULD RESULT IN AGREEMENT. BRAZILIAN DEL AGREED THAT SUCH A MEETING COULD NOT BE HELD IN OCTOBER BUT BELIEVED THAT BY MID-NOVEMBER WHEN THE EC HAD COMPLETED ITS BILATERALS BRAZIL BELIEVED SUCH A MEETING SHOULD BE CALLED.

7. US DEL DID NOT RESPOND DIRECTLY TO LEGAL QUESTION BUT MERELY STATED THAT WE HAD REQUESTED THE DIRECTOR GENERAL OF THE GATT (NOT CHAIRMAN OF THE TEXTILE COMMITTEE) TO OPEN SUCH A PROTOCOL ON DECEMBER 15 WHICH WE BELIEVE IS

LEGALLY POSSIBLE. WE NOTED THAT PROTOCOL HAS NOT YET BEEN DRAFTED.

8. IN VIEW OF STRENGTH OF REPRESENTATION MADE BY BRAZILIAN DELEGATION LARGELY BY MADEIROS, ACTING CHIEF TRADE POLICY ISSUES, FOREIGN MINISTRY, WHO WILL BE AT THE CG-18 WAS WELL, WE BELIEVE HE IS LIKELY TO MAKE SIMILAR REPRESENTATIONS WITHIN THE CG-18 AND/OR IN SIDE DISCUSSIONS WITH US DEL. IF OCCASION ARISES IN SIDE DISCUSSION WITH BRAZIL OR INDIA, USDEL MAY WISH TO MAKE FOLLOWING POINT WHICH NOT IN BRIEFING MATERIAL. FAR FROM JOINING PROTECTIONIST FORCES IN COURSE OF JULY TC MEETING, US BELIEVES ITS EFFORTS HELPED SECURE WHAT WE SAW AS A MAJOR RETREAT BY THE EC FROM ITS INITIAL LIMITED OFFICIAL USE

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POSITIONS; THIS MAY HAVE AVERTED IMMEDIATE COLLAPSE OF MFA, WHICH APPEARED IMMINENT AT THAT TIME, PROVIDED "BREATHING SPACE" IN WHICH ALL PARTICIPANTS COULD CONSIDER THEIR SITUATIONS AND NEGOTIATE NEW BILATERALS, AND PROVIDED WHAT MAY BE A VIABLE BASIS FOR MFA RENEWAL IN DECEMBER. VANCE

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Message Attributes

Automatic Decaptioning: X
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Concepts: TEXTILES, AGREEMENTS, MEETINGS, FIBERS
Control Number: n/a
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Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
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Disposition Remarks:
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Enclosure: n/a
Executive Order: N/A
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From: STATE
Handling Restrictions: n/a
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Litigation History:
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